one or more processors to:

capture, using the image sensor, an image of a scene including a real object in a particular direction at a first distance from the device; and

display, on the display, a computer-generated reality (CGR) environment including a virtual object in the particular direction at a second distance from the device;

wherein, in accordance with a determination that the second distance is less than the first distance, the CGR environment includes the virtual object overlaid on the scene; and

wherein, in accordance with a determination that the second distance is greater than the first distance, the CGR environment includes the virtual object with an obfuscation area that obfuscates at least a portion of the real object within the obfuscation area.

13. The electronic device of claim **12**, wherein the obfuscation area surrounds the virtual object.

14. The electronic device of claim **12**, wherein the obfuscation area includes a blurring region that blurs the portion of the real object within the blurring region.

15. The electronic device of claim **12**, wherein the obfuscation area includes a dimming region that dims the portion of the real object within the dimming region.

16. The electronic device of claim **12**, wherein the obfuscation area includes a masking region that occludes the portion of the real object within the masking region.

17. The electronic device of claim **12**, wherein the obfuscation area includes a portal region that displays a virtual world over the portion of the real object within the portal region.

18. The electronic device of claim **17**, wherein the virtual world includes a virtual floor that is coplanar with a real floor of the scene.

19. The electronic device of claim **12**, wherein the obfuscation area occupies the entire display except for the virtual object.

20. A non-transitory memory storing one or more programs, which, when executed by one or more processors of a device with an image sensor and a display cause the device to:

capture, using the image sensor, an image of a scene including a real object in a particular direction at a first distance from the device; and

display, on the display, a computer-generated reality (CGR) environment including a virtual object in the particular direction at a second distance from the device;

wherein, in accordance with a determination that the second distance is less than the first distance, the CGR environment includes the virtual object overlaid on the scene; and

wherein, in accordance with a determination that the second distance is greater than the first distance, the CGR environment includes the virtual object with an obfuscation area that obfuscates at least a portion of the real object within the obfuscation area.

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